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## A BILL FOR AN ACT

RELATING TO THE PRETAX TRANSPORTATION BENEFIT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the department of  
2 human resources development currently operates a pretax  
3 transportation benefit pilot program in the city and county of  
4 Honolulu for any employee of the state government who:

5           (1) Is an employee of the State executive branch  
6                 (excluding the department of education) who is  
7                 eligible to participate in the State of Hawaii  
8                 employees' retirement system;

9           (2) Lives and works on Oahu; and

10          (3) Does not have parking in a state-controlled lot with a  
11                 parking payroll deduction.

12 The pilot program is operated under the State's qualified  
13 transportation fringe benefit plan, in accordance with section  
14 132(f) of the Internal Revenue Code, and authorized under the  
15 federal Transportation Equity Act for the 21st Century for  
16 eligible State of Hawaii executive branch employees. This means  
17 that eligible employees may purchase public bus passes, Handi-  
18 Van fare coupons, and vouchers for the cost of their vanpool



1 Hawaii seat fares through payroll deductions before federal,  
2 State, and Federal Insurance Contributions Act taxes are  
3 withheld, thereby increasing their take-home pay. In other  
4 words, an eligible employee on Oahu may authorize the State to  
5 have the employee's bus pass expense, the cost of a preset  
6 amount of Handi-Van fare coupons, or vanpool Hawaii seat fees  
7 deducted from the employee's paycheck on a pretax basis. The  
8 State, as employer, will purchase bus passes, Handi-Van fare  
9 coupons, or vouchers redeemable with vanpool Hawaii to cover  
10 seat fees for eligible employees and distribute them to eligible  
11 employees on a monthly basis. As of June 2008, the enrollment  
12 for senior and disability annual bus passes was also included in  
13 the pilot program.

14 The duration of the pilot program is determined by the  
15 director of human resources development, and as of 2008, the  
16 maximum allowance per month for combined commuter highway  
17 vehicle transportation and transit pass expenses was \$115.

18 The savings for each employee will vary depending on the  
19 employee's tax bracket. For example, based on an annual salary  
20 of \$24,000, a tax savings of \$138.24, \$253.68, or \$181.53 can be  
21 gained through participation in the pilot transportation benefit



1 plan for eligible employees who buy bus passes, ride the Handi-  
2 Van, or carpool via vanpool Hawaii, respectively.

3 The legislature finds that the pilot program has been  
4 successful.

5 The purpose of this Act is to require the director of human  
6 resources development to make the program permanent and to  
7 expand the pilot program to all islands having a public transit  
8 system and to employees of the legislature residing in counties  
9 having a population of over five hundred thousand persons.

10 SECTION 2. Chapter 78, Hawaii Revised Statutes, is amended  
11 by adding a new section to be appropriately designated and to  
12 read as follows:

13 "§78- Pretax transportation benefit program; statewide;  
14 reports. (a) The director of human resources development shall  
15 adopt rules in accordance with chapter 91 to operate a pretax  
16 transportation benefit program on all islands that have a public  
17 transit system and for employees of the legislature residing in  
18 counties having a population of over five hundred thousand  
19 persons.

20 (b) No later than December 31, 2012, the director of human  
21 resources development shall submit an interim report to the  
22 legislature detailing the department's progress in implementing



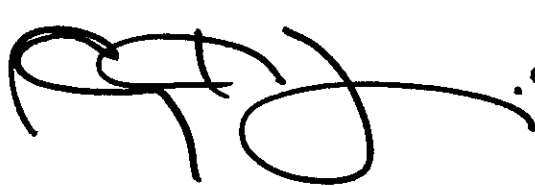
1 subsection (a). No later than December 31 of each year  
 2 thereafter, the director of human resources development shall  
 3 report its findings and recommendations to the legislature  
 4 regarding the operation of the pretax transportation benefit  
 5 program for eligible employees."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_



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Linda Chiyama



JAN 20 2012



# H.B. NO. 2254

**Report Title:**

Pretax Transportation Benefit; Statewide

**Description:**

Makes permanent the pretax transportation benefit pilot program and requires the Director of Human Resources Development to expand program to all islands having a public transit system and to employees of the legislature residing in counties having a population of over five hundred thousand persons.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

